Delta Institute and Affiliates

Consolidated Financial Report

June 30, 2022

Contents

Plante & Moran, PLLC
Suite 900
200 N. Martingale Rd.
Schaumburg, IL 60173-2044
Tel: 847.697.6161
Fax: 847.697.6176
plantemoran.com

Independent Auditor's Report

To the Board of Directors
Delta Institute and Affiliates

Opinion

We have audited the consolidated financial statements of Delta Institute and Affiliates (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2022 and 2021 and the related consolidated statements of activities and changes in net assets (deficiency in net assets), functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022 and 2021 and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Consolidated Financial Statements* section of our report. We are required to be independent of the Organization and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described in Note 2 to the consolidated financial statements, the Organization adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audits of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that audits conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

To the Board of Directors
Delta Institute and Affiliates

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal controls relevant to the audits in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal controls. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Plante & Moran, PLLC

November 10, 2022

Consolidated Statement of Financial Position

June 30, 2022 and 2021

	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	$ 1,391,138	$ 1,431,774
Receivables:		
Accounts receivable	108,338	135,987
Grants receivable	536,063	371,273
Total receivables	644,401	507,260
Total current assets	2,035,539	1,939,034
Property and Equipment - Net (Note 5)	23,017	29,094
Beneficial Interest in Trust (Note 12)	5,108,626	6,262,101
Operating Right-of-use Asset	679,558	-
Total assets	**$ 7,846,740**	**$ 8,230,229**
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 99,984	$ 117,437
Contract liabilities	38,025	53,025
Accrued liabilities	217,164	210,533
Current portion of long-term debt (Note 9)	501,794	503,264
Paycheck Protection Program loan (Note 10)	-	427,972
Current portion of operating lease liability	39,303	-
Total current liabilities	896,270	1,312,231
Operating Lease Liability	675,271	-
Long-term Liabilities		
Paycheck Protection Program loan (Note 10)	-	207,242
Revolving loan fund - Cook County, Illinois	174,299	174,299
Long-term debt (Note 9)	148,206	146,736
Total liabilities	1,894,046	1,840,508
Net Assets		
Without donor restrictions	(109,710)	(471,079)
With donor restrictions (Note 6)	6,062,404	6,860,800
Total net assets	5,952,694	6,389,721
Total liabilities and net assets	**$ 7,846,740**	**$ 8,230,229**

Consolidated Statement of Activities and Changes in Net Assets (Deficiency in Net Assets)

Years Ended June 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support						
Contributions	$ 181,876	$ 886,040	$ 1,067,916	$ 171,988	$ 442,500	$ 614,488
Government grants	364,861	-	364,861	764,800	-	764,800
Contract fees	477,586	-	477,586	249,317	-	249,317
Interest and other (loss) income	(273)	-	(273)	31	-	31
Investment income from beneficial interest in trust	227,341	-	227,341	219,205	-	219,205
Change in fair value of beneficial interest in trust	-	(1,153,475)	(1,153,475)	-	1,464,296	1,464,296
Gain on debt extinguishment	635,214	-	635,214	-	-	-
Total revenue and support	1,886,605	(267,435)	1,619,170	1,405,341	1,906,796	3,312,137
Net Assets Released from Restrictions	530,961	(530,961)	-	987,621	(987,621)	-
Total revenue, support, and net assets released from restrictions	2,417,566	(798,396)	1,619,170	2,392,962	919,175	3,312,137
Expenses						
Program services	1,245,475	-	1,245,475	1,695,721	-	1,695,721
Support services:						
General and administrative	601,837	-	601,837	454,149	-	454,149
Fundraising	208,885	-	208,885	199,597	-	199,597
Total expenses	2,056,197	-	2,056,197	2,349,467	-	2,349,467
Increase (Decrease) in Net Assets	361,369	(798,396)	(437,027)	43,495	919,175	962,670
Net Assets (Deficiency in Net Assets) - Beginning of year	(471,079)	6,860,800	6,389,721	(514,574)	5,941,625	5,427,051
Net Assets (Deficiency in Net Assets) - End of year	**$ (109,710)**	**$ 6,062,404**	**$ 5,952,694**	**$ (471,079)**	**$ 6,860,800**	**$ 6,389,721**

See notes to consolidated financial statements.

Delta Institute and Affiliates

Consolidated Statement of Functional Expenses

Year Ended June 30, 2022

	Program Services	Support Services: General and Administrative	Support Services: Fundraising	Support Services: Total	Total
Salaries	$ 542,457	$ 371,979	$ 133,083	$ 505,062	$ 1,047,519
Payroll taxes and benefits	125,006	85,720	30,668	116,388	241,394
Total salaries and related expenses	667,463	457,699	163,751	621,450	1,288,913
Rent and utilities	68,723	37,391	13,377	50,768	119,491
Information technology	37,443	25,676	9,186	34,862	72,305
Equipment	2,182	1,496	535	2,031	4,213
Depreciation	20,315	4,474	1,601	6,075	26,390
Organizational insurance	9,149	6,274	2,245	8,519	17,668
Communications	-	-	8,709	8,709	8,709
Office expenses	8,997	6,169	2,207	8,376	17,373
Legal/Accounting	-	45,119	-	45,119	45,119
Meetings/Conferences	3,147	2,158	1,771	3,929	7,076
Travel	3,784	2,595	928	3,523	7,307
Bank and other fees	1,781	1,221	437	1,658	3,439
Miscellaneous	50,783	11,565	4,138	15,703	66,486
Contractor fees and other project expenses	371,708	-	-	-	371,708
Total functional expenses	**$ 1,245,475**	**$ 601,837**	**$ 208,885**	**$ 810,722**	**$ 2,056,197**

See notes to consolidated financial statements.

Consolidated Statement of Functional Expenses

Year Ended June 30, 2021

	Program Services	Support Services: General and Administrative	Support Services: Fundraising	Support Services: Total	Total
Salaries	$ 597,675	$ 259,323	$ 131,116	$ 390,439	$ 988,114
Payroll taxes and benefits	118,120	51,251	25,913	77,164	195,284
Total salaries and related expenses	715,795	310,574	157,029	467,603	1,183,398
Rent and utilities	105,980	45,983	23,250	69,233	175,213
Information technology	45,621	19,795	10,008	29,803	75,424
Equipment	3,059	1,327	671	1,998	5,057
Depreciation	10,353	4,492	2,271	6,763	17,116
Organizational insurance	4,433	1,923	973	2,896	7,329
Communications	-	-	176	176	176
Office expenses	8,120	3,523	1,781	5,304	13,424
Legal/Accounting	-	60,208	-	60,208	60,208
Meetings/Conferences	968	420	453	873	1,841
Travel	1,353	587	297	884	2,237
Bank and other fees	1,973	856	433	1,289	3,262
Miscellaneous	15,066	4,461	2,255	6,716	21,782
Contractor fees and other project expenses	783,000	-	-	-	783,000
Total functional expenses	**$ 1,695,721**	**$ 454,149**	**$ 199,597**	**$ 653,746**	**$ 2,349,467**

Consolidated Statement of Cash Flows

Years Ended June 30, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
(Decrease) increase in net assets	$ (437,027)	$ 962,670
Adjustments to reconcile (decrease) increase in net assets to net cash and cash equivalents from operating activities:		
Depreciation	26,390	17,116
Change in value of beneficial interest in trust	1,153,475	(1,464,296)
Gain on debt extinguishment	(635,214)	-
Lease costs accrued, not paid	35,016	-
Changes in operating assets and liabilities that (used) provided cash and cash equivalents:		
Grants and miscellaneous receivables	(137,141)	254,752
Prepaid expenses and other current assets	-	160,746
Accounts payable and accrued liabilities	(10,822)	(10,836)
Contract liabilities	(15,000)	53,025
Net cash and cash equivalents used in operating activities	(20,323)	(26,823)
Cash Flows from Investing Activities		
Purchase of property and equipment	(20,313)	-
Distribution from beneficial interest in trust	-	530,000
Net cash and cash equivalents (used in) provided by investing activities	(20,313)	530,000
Cash Flows Provided by Financing Activities - Proceeds from debt	-	357,242
Net (Decrease) Increase in Cash and Cash Equivalents	(40,636)	860,419
Cash and Cash Equivalents - Beginning of year	1,431,774	571,355
Cash and Cash Equivalents - End of year	**$ 1,391,138**	**$ 1,431,774**
Significant Noncash Transactions		
Right-of-use asset obtained in exchange for new operating lease liability (Note 7)	$ 720,024	$ -
Gain on debt extinguishment (Note 10)	635,214	-

Note 1 - Nature of Business

Delta Institute (Delta) is chartered as an Illinois not-for-profit corporation and began operations on July 1, 1998. Delta collaborates with communities to solve complex environmental challenges across the Midwest.

Delta Redevelopment Institute (REDI) is chartered as an Illinois not-for-profit corporation and began operations in December 1998. REDI facilitates brownfield redevelopment in the metropolitan Chicago area by addressing predevelopment barriers.

The Delta P2E2 Center, LLC (P2/E2) is a single-member limited liability company formed by Delta in 2004 to provide technical assistance and financing to support the implementation of pollution prevention and energy efficiency measures.

The Delta Revere Program, LLC (Revere) is a single-member limited liability company formed by Delta on June 1, 2005 to act as the Designated Lender under the Revere Community Affordable Housing Grant Program Agreement dated May 12, 2005 by and between Delta and the Comer Science and Education Foundation (Comer). Loans are made to eligible homebuyers to induce development of affordable housing and to combat community deterioration in the neighborhood and community surrounding the Revere school in Chicago, Illinois.

Note 2 - Significant Accounting Policies

Principles of Consolidation

Through June 30, 2022, Delta had economic interest in and exercises control over the activities of REDI. Delta owns 100 percent of P2/E2 and Revere. Accordingly, the consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. All significant intercompany accounts and transactions have been eliminated as of and for the years ended June 30, 2022 and 2021. The consolidated entity is referred to as the "Organization."

Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Receivables

Receivables are valued at management's estimate of the amount that will ultimately be collected. An allowance for doubtful accounts is based on specific identification of uncollectible accounts and the Organization's historical collection experience. No allowance was deemed necessary at June 30, 2022 and 2021.

Beneficial Interest in Trust

The Organization has funds held by Chicago Community Trust from which income is received based on the Organization's share. The interest in the trust is stated at the estimated fair value based on the percentage of the trust designated to the Organization applied to the total fair value of the trust, which is based primarily on quoted market prices of the trust's underlying assets. The Organization's share of such trust's assets is included in the consolidated statement of financial position as beneficial interest in trust and is classified as net assets with donor restrictions, as the funds are restricted in perpetuity.

Property and Equipment

Property and equipment with an individual value in excess of $1,000 are recorded at cost when purchased or at fair value at the date of donation and are being depreciated on a straight-line basis over their estimated useful lives. Estimated lives are five years for furniture and equipment and the remaining lease term for leasehold improvements. Costs of maintenance and repairs are charged to expense when incurred.

Note 2 - Significant Accounting Policies (Continued)

Paycheck Protection Program

Funding received under the Paycheck Protection Program (PPP) is from a lending institution and has the potential to be forgiven in part or in whole by the Small Business Administration (SBA). The proceeds from the loan, therefore, remain recorded as a liability until either (1) the loan is, in part or in whole, forgiven and the Organization has been legally released or (2) the Organization pays off the loan to the creditor. Once the loan is, in part or in whole, forgiven and the legal release is received, the liability is reduced by the amount forgiven, and a gain on extinguishment is recorded.

As such, the total proceeds received from the loan are recorded as a liability on the consolidated statement of financial position and included in proceeds received from financing activities in the consolidated statement of cash flows as of June 30, 2021. See Note 10 for additional information on the terms and conditions of the PPP agreement.

Classification of Net Assets

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Organization.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Contributions

Unconditional promises to give cash and other assets to the Organization are reported at fair value on the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value on the date the gift becomes unconditional or is received. The gifts are reported as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities and changes in net assets (deficiency in net assets) as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the year in which the contributions are received are reported as contributions without donor restrictions in the accompanying consolidated financial statements.

Government Grants

Revenue received for grants is considered a nonexchange transaction and is recognized as the conditions of the grants have been met. As of June 30, 2022 and 2021, the Organization is eligible to receive and recognize $890,633 and $614,488, respectively, of these conditional contributions upon the occurrence of future qualifying expenses. Grant funding received in advance of conditions being met is recorded as refundable advances.

Note 2 - Significant Accounting Policies (Continued)

Contract Fees

The Organization derives contract fees from management and consulting service contracts with customers. The nature of the Organization's promise in exchange for contract fees is to provide management and environmental consulting. Revenue is recognized ratably over time as services are provided to the customers or as labor hours are incurred. When the Organization has the right to consideration in an amount that directly corresponds to the value received to date by the customer, management has adopted the practical expedient in Accounting Standards Codification (ASC) 606-10-55-18 to recognize revenue in the amount to which the Organization has a right to invoice.

Invoices are generally due within 30 days after an invoice is sent to a customer. At times, the Organization may collect cash prior to the satisfaction of the performance obligation, which results in the Organization recognizing a contract liability. There were no contract liabilities as of July 1, 2020.

Functional Allocation of Expenses

Costs of providing the program and support services have been reported on a functional basis in the consolidated statement of functional expenses. Expenses are charged to program services and support services on an actual basis when available. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries and related expenses are allocated on the basis of time and effort. Expenses deemed to be indirect to employee work, such as professional services, are considered to be management and general expenses. Other expenses utilized by all employees, such as occupancy, utilities, and supplies, are also allocated on the basis of time and effort. Costs have been allocated between the various program and support services based on estimates determined by management. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Federal Income Taxes

Delta and REDI are exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. P2/E2 and Revere are disregarded for tax purposes and are included in Delta's tax return. Delta and REDI have both been classified as other than private foundations by the Internal Revenue Service.

Subsequent Events

The consolidated financial statements and related disclosures include evaluation of events up through and including November 10, 2022, which is the date the consolidated financial statements were available to be issued.

Note 2 - Significant Accounting Policies (Continued)

Adoption of New Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. The standard requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases are classified as either finance or operating leases, with the classification affecting the pattern of expense recognition in the statement of activities and changes in net assets. Previously, leases were classified as either capital or operating leases, with only capital leases recognized on the statement of financial position. The new guidance was adopted as of July 1, 2021 and applied using the modified retrospective transition method. Accordingly, the Organization has recognized the right-of-use asset and related lease liability based on the present value of the minimum lease payments for its office lease, which commenced on July 1, 2021. To establish the initial lease liability, the lease was reported with a total future commitment, discounted for present value of $720,024. The right-of-use asset is amortized over the term of the lease and has a carrying value net of accumulated amortization of $679,558 as of June 30, 2022. There was no cumulative effect on the change in net assets or restatement of prior year financial amounts.

Note 3 - Liquidity and Availability of Resources

The Organization has $2,035,539 and $1,939,034 of financial assets available within one year of June 30, 2022 and 2021 to meet cash needs for general expenditure consisting of cash and cash equivalents of $1,391,138 and $1,431,774 and grants and miscellaneous receivables of $644,401 and $507,260, respectively. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the consolidated statement of financial position date, as the donor purpose restrictions are expected to be released within one year. The receivables are subject to implied time restrictions but are expected to be collected within one year.

The Organization has a goal to maintain financial assets, which consist of cash and cash equivalents, on hand to meet 60 days of normal operating expenses, which are, on average, approximately $230,000 and $225,000 at June 30, 2022 and 2021, respectively. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Organization has a committed line of credit in the amount of $250,000 at June 30, 2022, which it could draw upon if needed, as further described in Note 4. The Organization has a beneficial interest in trust of $5,108,626 that is available for use to cover operating expenses upon board of directors and donor approval.

Note 4 - Line of Credit

Under a line of credit agreement opened with a bank in 2021, the Organization has available borrowings of approximately $250,000. Interest is payable monthly at a rate of 1.00 percent above the prime rate (an effective rate of 5.75 and 4.25 percent at June 30, 2022 and 2021, respectively). The line of credit is collateralized by substantially all of the Organization's assets. Under the agreement with the bank, the Organization is subject to certain covenants, including maintaining net worth of at least $5,000,000 and an annual 30-day cleanup. There were no borrowings as of June 30, 2022 and 2021.

Note 5 - Property and Equipment

Property and equipment are summarized as follows:

	2022	2021	Depreciable Life - Years
Machinery and equipment	$ 4,689	$ 4,689	5
Furniture and fixtures	85,905	212,895	5
Leasehold improvements	3,768	55,940	Lease term
Total cost	94,362	273,524	
Accumulated depreciation	71,345	244,430	
Net property and equipment	$ 23,017	$ 29,094	

Depreciation expense for 2022 and 2021 was $26,390 and $17,116, respectively.

Note 6 - Net Assets

Net assets with donor restrictions as of June 30 are available for the following purposes:

	2022	2021
Subject to expenditures for a specified purpose:		
Regenerative Food Systems - Pasture	$ 19,074	$ 122,680
Resilient Communities - Knight Cities	3,326	6,201
Resilient Communities - Port	148,491	191,638
Resilient Communities - McDougal	-	35,650
Resilient Communities - Morrison	20,000	10,000
Resilient Communities - EMG	-	15,000
Resilient Communities - Dr. Scholl	4,450	-
Resilient Communities - GLPF	102,199	-
Land Stewardship - Walton & McKnight Foundations	349,376	53,518
Land Stewardship - Erb Foundation	60,927	156,190
Land Stewardship - Lumpkin	-	7,822
Land Stewardship - Walder	245,935	-
Total subject to expenditures for a specified purpose	953,778	598,699
Beneficial interest in trust	5,108,626	6,262,101
Total	$ 6,062,404	$ 6,860,800

Note 7 - Operating Lease

The Organization is obligated under an operating lease for office space, expiring in June 2036. The right-of-use asset and related lease liability have been calculated using a discount rate of 2.75 percent. In addition to the base rent, the Organization must pay its proportionate share of certain expenses and real estate taxes.

Note 7 - Operating Lease (Continued)

Future minimum annual commitments under the operating lease are as follows:

Years Ending June 30	Amount
2023	$ 39,303
2024	53,595
2025	55,382
2026	57,168
2027	58,955
Thereafter	610,983
Total	875,386
Less amount representing interest	160,812
Present value of net minimum lease payments	714,574
Less current obligations	39,303
Long-term obligations under operating lease	$ 675,271

Rent expense for the year ended June 30, 2022 amounted to $119,491. Upon execution of the new office lease, the Organization terminated its previous office lease with the lessor without penalty. Rent expense under the previous office lease amounted to $175,213 for the year ended June 30, 2021.

Note 8 - Retirement Plan

Delta offers a 401(k) plan to all employees meeting the eligibility requirements defined in the plan. The plan allows for elective employee contributions up to the amount set by federal law and a mandatory employer contribution limited to 3 percent of eligible compensation. Delta also contributes 1 percent of eligible compensation if the employee contributes at least 1 percent of eligible compensation. Total organization contributions charged to retirement costs in 2022 and 2021 were $36,484 and $40,764, respectively.

Note 9 - Long-term Debt

Long-term debt at June 30 is as follows:

	2022	2021
P2/E2 - Note payable, Bank of America, unsecured, requiring monthly payments of interest only of 3 percent per annum, and due in full on August 15, 2012. The principal amount of the note may be used to finance the redevelopment of programs supporting environmental quality and energy efficiency. As of the report date, the bank has not indicated intentions to call or forgive the note. Accrued interest on the note payable amounted to $156,875 and $141,895 as of June 30, 2022 and 2021, respectively	$ 500,000	$ 500,000
Note payable to the SBA in monthly installments of $641, including fixed interest at 2.75 percent, beginning in January 2023. The note is collateralized by substantially all of the Organization's assets and is due in July 2050	150,000	150,000
Total	650,000	650,000
Less current portion	501,794	503,264
Long-term portion	$ 148,206	$ 146,736

The balance of the above debt matures as follows:

Years Ending	Amount
2023	$ 501,794
2024	3,662
2025	3,764
2026	3,869
2027	3,977
Thereafter	132,934
Total	$ 650,000

Interest expense for 2022 and 2021 was $15,000 and $14,980, respectively.

Note 10 - Paycheck Protection Program

In April 2020, the Organization received a PPP term loan through a lending institution in the amount of $427,972. In February 2021, the Organization received a second draw of the PPP loan program in the amount of $207,242. The loans were issued pursuant to the Coronavirus Aid, Relief, and Economic Security (CARES) Act's PPP. The loan structure required organization officials to certify certain statements that permitted the Organization to qualify for the loan and provides loan forgiveness for a portion or all of the borrowed amount if the Organization uses the loan proceeds for the permitted loan purpose during the covered period described in the note agreements. At the conclusion of the covered period, any balance not forgiven by the Small Business Administration will be repaid over a period of two and five years for the initial and second draw, respectively, with interest accruing at a rate of 1 percent, and monthly payments of principal and interest beginning 10 months after the conclusion of the covered periods. The Organization has the right to prepay any amount outstanding at any time without penalty. The loans helped the Organization fund payroll and benefits, as well as core indirect expenses.

Any request for forgiveness is subject to review and approval by the lender and the SBA, including review of qualifying expenditures and staffing and salary levels.

Note 10 - Paycheck Protection Program (Continued)

During 2022, the Organization applied for and received notification of forgiveness of the entire loan balance of the initial PPP and second draw loans from the SBA. The amount of the loans forgiven is recorded as extinguishment of debt income in fiscal year 2022.

Note 11 - Concentration of Credit Risk

The Organization has concentrated its credit risk for cash by maintaining deposits in financial institutions that may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

The Organization receives substantially all funding from a relatively small group of government, foundation, and corporate donors. There is a risk that this funding could be curtailed, in which case the Organization would seek alternative funding or reduce its scale of operations.

Note 12 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the consolidated financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Organization has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Organization's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The following tables present information about the Organization's assets measured at fair value on a recurring basis at June 30, 2022 and 2021 and the valuation techniques used by the Organization to determine those fair values:

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2022			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2022
Beneficial interest in trust	$ -	$ -	$ 5,108,626	$ 5,108,626

Note 12 - Fair Value Measurements (Continued)

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2021			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2021
Beneficial interest in trust	$ -	$ -	$ 6,262,101	$ 6,262,101

The net unrealized gains and losses of $(1,153,475) and $1,464,296 for the years ended June 30, 2022 and 2021, respectively, are reported as the change in fair value of beneficial interest in trust on the consolidated statement of activities and changes in net assets (deficiency in net assets).

During 2021, the board of directors and donor approved a distribution of $530,000 from the beneficial interest in trust for reserve funding.